

Message Text

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PAGE 01 STATE 141373
ORIGIN OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-08 COME-00 TRSE-00 L-03
/028 R

DRAFTED BY OPIC/ID/LA:SMASHKES
APPROVED BY ARA/CAR:FTUMMINIA
OPIC/ID/LA:JWGURR
EB/IFD/OIA:DVGRANT
-----076515 051555Z /43

O 051552Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY PORT OF SPAIN IMMEDIATE

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E.O. 11652: N/A

TAGS: EINV

SUBJECT: AMOCO INTERNATIONAL OIL COMPANY - APPLICATION FOR
-- OPIC INSURANCE - 533-70-414

REF: (A) STATE 183668, (B) PORT-OF-SPAIN 2254

1. OPIC PLANS TO TAKE AMOCO'S FERTILIZER PROJECT TO THE NEXT MEETING OF ITS BOARD OF DIRECTORS FOR APPROVAL. AS EMBASSY IS AWARE, AMOCO IS A "PIPELINE" PROJECT, I.E., ONE WHICH IS INELIGIBLE FOR INSURANCE UNDER OPIC'S GUIDELINE RESTRICTING ITS PROGRAMS IN COUNTRIES WITH PER CAPITA GNP IN EXCESS OF \$1,000 IN 1975 DOLLARS, BUT FOR WHICH A FORMAL APPLICATION (OPIC FORM 52) WAS SUBMITTED TO OPIC PRIOR TO AUGUST 1, 1977 CUT-OFF DATE. SUCH PROJECTS WILL HAVE UNTIL SEPTEMBER 30, 1978, TO HAVE INSURANCE CONTRACTS EXECUTED.

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2. AMOCO HAS NOT YET APPLIED FOR FOREIGN GOVERNMENT APPROVAL ("FGA") FOR THIS PROJECT. OPIC IS TAKING THIS PROJECT TO ITS BOARD PRIOR TO RECEIPT OF THE FGA BECAUSE, AS DESCRIBED REFTEL, AMOCO DOES NOT WANT THE GOTT TO KNOW THEY ARE SEEKING OPIC INSURANCE UNTIL THEY ARE CONFIDENT SUCH INSURANCE IS AVAILABLE TO THEM ON ACCEPTABLE TERMS.

3. OPIC WOULD APPRECIATE RECEIVING BY JUNE 7 ANY SIGNIFICANT UPDATE EMBASSY MAY CARE TO OFFER ON ITS COMMENTS FORWARDED IN REFTEL (B). EMBASSY MAY MAKE INQUIRIES OF LOCAL AMOCO OFFICIALS AND OTHER KNOWLEDGEABLE SOURCES (INCLUDING GOTT) AS IT DEEMS USEFUL, BUT SUCH INQUIRIES SHOULD NOT REPEAT NOT BE WITH REFERENCE TO OPIC INSURANCE. OPIC IS PARTICULARLY INTERESTED IN EMBASSY'S ASSESSMENT OF RISK FACTORS FOR THIS TYPE OF PROJECT, E.G., HOST COUNTRY ATTITUDES TOWARDS FOREIGN INVESTMENT, THE SIZE OF THE PROJECT RELATIVE TO THE EXISTING FERTILIZER INDUSTRY AND TO THE COUNTRY'S GNP, LOCAL POLITICAL PRESSURES OR ANTI-FOREIGN SENTIMENT AND IMPLICATIONS OF CONCENTRATION OF NATURAL GAS-DEPENDENT FACILITIES IN POINT LISA AREA. COMMENTS UPON THE EXPECTED ENVIRONMENTAL IMPACT OF THE PROJECT WOULD ALSO BE USEFUL.

4. FYI. AMOCO NOW EXPECTS ITS PART (49 PERCENT) OF THE PROJECT TO CONSIST OF \$31 MILLION IN EQUITY AND UP TO \$92 MILLION AS CONTINGENT LIABILITY UNDER A WORKING CAPITAL MAINTENANCE AGREEMENT. OPIC PLANS TO REQUEST APPROVAL FROM ITS BOARD TO INSURE 75 PERCENT OF THE EQUITY PLUS 75 PERCENT OF ANY FUNDS COMMITTED UNDER THE WORKING CAPITAL MAINTENANCE AGREEMENT. AMOCO ADVISES THAT TOTAL PROJECT COST WILL BE \$250 MILLION (\$62 MILLION EQUITY, \$188 MILLION DEBT).

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5. OPIC THANKS EMBASSY IN ADVANCE FOR ITS ASSISTANCE. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, INSURANCE, FOREIGN INVESTMENTS, INVESTMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE141373
Document Source: CORE
Document Unique ID: 00
Drafter: SMASHKES
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780234-0660
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780695/aaaadeah.tel
Line Count: 95
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9d7c3d92-c288-dd11-92da-001cc4696bcc
Office: ORIGIN OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 183668, 78 PORT OF SPAIN 2254
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2487930
Secure: OPEN
Status: NATIVE
Subject: AMOCO INTERNATIONAL OIL COMPANY - APPLICATION FOR -- OPIC INSURANCE - 533-70-414
TAGS: EINV, TD, AMOCO, OPIC
To: PORT OF SPAIN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9d7c3d92-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014